



Department of Justice

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Eastern District of California

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FOLSOM MAN PLEADS GUILTY TO OPERATING PONZI SCHEME

SACRAMENTO: Acting United States Attorney Lawrence G. Brown announced today that STEFAN WILSON, aka Steve Wilson, 45, of Folsom, has pleaded guilty to wire fraud and income tax evasion in connection with a fraudulent investment scheme which he conducted under the name CIC Investment Fund. The guilty plea was entered before Senior United States District Judge Lawrence K. Karlton.

This case was investigated by the FBI and IRS Criminal Investigations.

According to the indictment, which was filed in March, 2008, WILSON raked in approximately \$13 million from investors over a two year period. In the plea agreement, WILSON admitted that he was able to collect this money by making false and fraudulent statements to investors. Among other things, WILSON told investors that he had a long and successful history of investing in the stock market; that he could promise an 18-24% return whether the market was good or bad; and that he was aware that other promoters of the Fund were claiming that there was a reserve fund such that were the CIC Fund to sustain losses, there

would still be sufficient funds to pay the promised return for up to three years. In fact, WILSON did not have the track record of successful investing that he claimed, nor a reserve fund.

Many of the investors were encouraged to refinance their homes or use their life savings to come up with the \$100,000 minimum investment that WILSON required to invest in the Fund. As a result, many of WILSON's victims have lost their homes or have been forced to come out of retirement and search for work in an uncertain economy.

According to other documents filed in the case, although WILSON placed approximately \$6.5 million of investor funds into a brokerage account, he lost virtually all of it in bad stock trades. Then, despite these staggering losses, WILSON continued to represent to investors that the fund was doing well and caused monthly statements and checks to be sent to investors showing that they were receiving the promised return, even after the CIC Fund lost 99.42% of its value.

The remainder of the investor money was left in a bank account that WILSON used to make lulling payments to investors and to pay for a lavish lifestyle, including a \$400,000 down payment on his personal residence in Folsom and a \$118,000 down payment on a Lamborghini. Because WILSON did not declare any of this income on his 2006 tax return, he also pled guilty to filing a false income tax return for that year.

Acting U.S. Attorney Brown said: "The devastation that Wilson wreaked on hardworking people is heartbreaking and demonstrates why white collar crime has such a huge impact on the

community. Thanks to a thorough and timely investigation by the FBI and IRS, Wilson was stopped before he could do even more damage."

Based on his plea, Wilson faces a maximum penalty of 23 years in prison. Under the terms of the plea agreement, the United States is free to recommend any term of imprisonment up to the maximum. According to Assistant U.S. Attorney R. Steven Lapham and Russell Carlberg, who are prosecuting the case, because of the devastating effect on the victims, they intend to ask the court for a very lengthy sentence. However, the actual sentence will be determined at the discretion of the court after consideration of the Federal Sentencing Guidelines, which take into account a number of variables, and any applicable statutory sentencing factors.

Judge Karlton scheduled the matter for Judgment and Sentencing on May 27, 2009.